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United States Agency for International Development

DEMOCRATIC LOCAL GOVERNANCE IN BOLIVIA

Bolivia's bold experiment in democratic local governance is off to a good start. For the first time in its history, the country has self-governing municipalities with popularly elected leaders. And rural indigenous people are participating in local politics—many for the first time. But challenges remain, including: increasing participation of other groups and sustaining the momentum of decentralization.

SUMMARY

With the passage in 1994 of a single law, Bolivia embarked on a bold national experiment in democratic local governance. The Popular Participation Law (PPL), which culminated in local elections in December 1995, has begun to transform Bolivia at the local level.

Bolivia's traditionally centralized political system now has 311 municipalities with elected mayors and councils. It has automatic transfer of some 20 percent of national tax revenues to the municipalities. And it has a system of popularly chosen Vigilance Committees charged with overseeing the councils. These Vigilance Committees have incorporated traditional local organizations of peasants, indigenous peoples, and urban dwellers.

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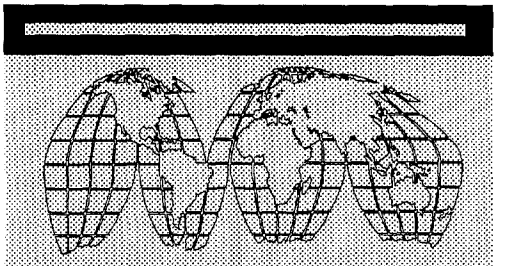
PN–ABY–243

1997, Number 6

Bolivia's president, Gonzalo Sánchez de Lozada, said he wanted to start an enterprise that would be "irreversible." It appears he has.

Though some crucial aspects of the PPL are too new to be sure of their impact, the law has had a noteworthy start. For the first time in its history, Bolivia is divided into self-governing municipalities, with local leaders elected by popular vote, not appointed from above. Also for the first time, the country's mostly rural indigenous population is participating in mainstream local politics.



"For the first time, the country's mostly rural indigenous population is participating in mainstream local politics."

A USAID effort to support the PPL, the Democratic Decentralization and Citizen Participation (DDCP) project, began implementation in early 1996. The timing was propitious, as the DDCP project bolstered the initial efforts to implement the PPL when they were just getting under way.

Important Issues

Bolivia's experience with democratic local governance raises a number of important issues, including: representativeness, inclusiveness, governance and civil society, benefit distribution, regional inequities, decentralization limits and reverses, and civic education. Several of these issues—representativeness, inclusiveness, governance and civil society, and decentralization limits and reverses—merit special attention.

Representativeness

The Vigilance Committees and their component units, the Community Organizations, are much smaller than the municipalities, and are therefore much closer to their constituents. Moreover, the more frequent Vigilance Committee elections (every two years, as against every five for the mayors and councils) mean that members must answer to those constituents more often.

Ironically, the frequent elections and close link to their constituents may diminish the effectiveness of Community Organizations and Vigilance Committees. This is because members of these local governance bodies, like their constituents, will generally lack the technical skills for planning and oversight. And the frequent turnover in Vigilance Committee officials will mean that whatever expertise does accumulate won't necessarily last very long.

Inclusiveness

By establishing so many small municipalities (the 311 municipalities have a median size of 8,400) and even smaller Vigilance Committees (representing about 3,000 people) and Community Organizations (representing about 450 people), the PPL has assured that any geographically concentrated group will gain a political voice. Thus the many indigenous strata and poorer urban areas have been included in a political system from which they were consistently excluded earlier.

Still, the fact that some groups are now participating in politics and electing their own people to local office does not guarantee that their particular interests will be advanced. Any number of obstacles—incompetence, mismanagement, elite control, corruption, mistiming, and bad luck—may get in the way. The PPL structure, however, does guarantee a much broader

opportunity for these strata to have a meaningful voice in the public decisions that affect them.

Governance and Civil Society

Prior to the PPL, there were some local institutions that played a civil society role, but for the most part such organizations were essentially governance structures. They set rules and resolved conflicts for their members, rather than serving as civil society bodies advocating for competing agendas. This means that pluralistic politics, for the most part, is absent from the local scene. Given the longstanding cultural bias in favor of consensus rather than competition in matters of public governance, any transformation into civil society will be slow in coming. Donor-supported interventions could help accelerate this transformation.

Decentralization Limits and Reverses

Bureaucratic decentralization has proven more difficult in some ways than its political counterpart. For example, professionals such as teachers and physicians remain on the central government payroll even though their functions have been placed under local control, giving them divided loyalties.

There are also recognizable tendencies toward recentralization. In particular, significant power has flowed to the department level and its head—the presidentially appointed prefect—in the form of resources for training, matching grants, and payrolls. Also, though a new council was established to coordinate governmental activity throughout the department, it has no power to legislate or veto. Lastly, the responsibility for supervising the administrative side of decentralization was transferred to the Ministry of the Presidency, thus giving the president much more direct say in it. This has not been a serious problem thus far, for the incumbent president has been very supportive of the PPL. But a successor could easily move to reverse many of the gains realized under it.

Lessons Learned

Three kinds of lessons emerge from CDIE's assessment of democratic local governance in Bolivia: lessons in success, challenges to overcome, and puzzles to resolve.

Lessons in Success

- Political will has been critical.
- Local governance initiatives work better when there is a pre-existing structure that is incorporated into the new system.
- Donor efforts planned in parallel with host country plans for reforms in democratic local governance can facilitate timely support.
- Local media can effectively promote civic education in democratic local governance.
- The benefits of decentralization under democratic local governance reform can be equitable, though the pattern is not totally consistent.

Challenges to Overcome

- Increasing participation appears easier among some marginal elements than others, especially women.
- A longstanding local governance structure does not necessarily imply a civil society on which to build democratic local governance.
- Fiscal autonomy can benefit some areas much more than others.
- Real bureaucratic decentralization may be harder than its political equivalent.
- Political decentralization itself can spawn counteractive centralizing tendencies.

Puzzles to Resolve

- What effect will parallel political structures—mayors/councils, Vigilance Committees/Community Organizations, and single member districts—have on democratic local governance?
- Will political parties be constructive or destructive to democratic local governance?
- How will traditional groups and institutions be incorporated into evolving democratic local governance structures?

INTRODUCTION

For hundreds of years, Bolivia's highly centralized government systematically excluded the vast majority of the population from managing its own public affairs. Seeking to reverse that tradition, the government of Bolivia has spent the past three years designing and implementing a bold, far-reaching initiative in democratic local governance, the Popular Participation Law (PPL).

Passed in 1994, the PPL establishes representative municipal governments throughout the country, endows them with authority and resources to invest in local development, and provides a popular monitoring mechanism to hold the new governments accountable to the citizens they serve.

To date, no country in Latin America and the Caribbean matches the Bolivian government's level of innovation, determination, and political courage in establishing a structure for democratic local governance. This means, of course, that the whole process is untested and the path uncertain.

Much has been achieved already, but significant problems remain.

A Slowly Expanding Polity

Historically, the voices of the great mass of the Bolivian population—above all, those of indigenous origin living in rural areas—were largely silent in the political process. Most Bolivians lived in an "encapsulated nation," existing within the territorial confines of the state, but not participating in the national political process.

Most of this unrepresented population was indigenous—the so-called *campesinos* (principally Aymaras and Quechuas) and the *pueblos indígenas* (largely the other Indian groupings, such as the Guaraní)—though many were mestizos of mixed ancestry.* They lived largely outside the major cities, though many belonged to the poorer strata that have been migrating increasingly into the towns in recent years.

The emergence of this encapsulated nation into the active polity has been a long and unsteady process, spanning more than four decades since the revolution of 1952.

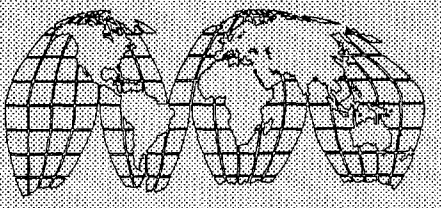
Following the 1952 takeover by the country's first broad-based political party, the MNR *(Movimiento Nacionalista Revolucionario)*, peasants seized land and regenerated traditional community organizations as peasant unions *(sindicatos)* for rallying local support and for funneling credit. When the MNR abolished literacy tests and inaugurated universal suffrage, the peasants were able to vote for the first time.

The size of the electorate burgeoned overnight from 200,000 to almost a million. The sindicatos affiliated into federations, which became interest groups at the national level. Other groups—urban workers, public employees, and

* A 1988 survey showed that about 30 percent of the national population are Quechua speakers and 21 percent are Aymara speakers.

miners—also organized into national unions that had significant access to the national government, forming the beginnings of a macrolevel civil society.

These achievements were threatened during the country's military rule from 1964–82. However, even before popular government resumed in 1982, there were new peasant initiatives that began as cultural movements and ended up being political movements. In particular, the Aymara, Quechua, and other indigenous rural peoples faced discrimination not only because of their lack of economic resources, but because their culture was rejected by a national elite dominated by whites largely of Iberian descent.



"To date, no country in Latin America and the Caribbean matches the Bolivian government's level of innovation, determination, and political courage in establishing a structure for democratic local governance."

Eventually some of these movements joined a coalition with the MNR, which won the 1993 presidential election. After the election, the MNR's commitment to enhanced participation for the rural population led to enactment of the PPL as a political mechanism to help incorporate rural indigenous populations into the political process.

A Top-Down Government

Since its colonial era, Bolivia has been a highly centralized state. Although the country's constitution refers to territorial divisions of the state (for instance, departments, provinces, sections, and cantons) as all having an independently legitimate existence, in fact the political and administrative apparatus has always been constructed from the top down.

The central government was the source of authority, delegating limited responsibilities and resources to centrally appointed departmental officials (prefects) and more recently to regional development councils. Also, there were a group of largely independent municipalities, principally the department capitals and the larger cities within the country. Fewer than 30 in number, they represented slightly more than half of the total population.

After the long military interregnum ended in 1982, elections were first held in these municipalities in 1987, but the new local governments had only limited resources and responsibilities.

The Popular Participation Law

The PPL represents a serious commitment of the government to expand democratic governance at the local level. This new law establishes a local political arena and provides significant resources to be managed at the local level through a broadly participatory process. (See box on page 6 for PPL highlights.)

Part of the campaign platform of the government elected in 1993—and a major commitment of the new president—the PPL became what might be called a vehicle for the "municipalization" of Bolivia.

For the first time in its history, through the PPL Bolivia would have its entire territory divided into self-governing municipalities, with local leaders elected by popular vote, not appointed from above.

ASSESSMENT METHODOLOGY

USAID's Center for Development Information and Evaluation targeted three areas for assessment in Bolivia: the PPL's implementation, the relationship between that implementation and the other political forces at the local level, and the role of USAID and other donors in supporting these efforts.

The CDIE study team that visited Bolivia for three weeks during September–October 1996 included two political scientists with extensive experience in assessing USAID democracy programs and other countries' democratic local governance efforts; a social anthropologist working with the Women in Development office in USAID's Global Bureau; and the deputy director of the Democracy and Governance Center in the Global Bureau.

While there, the team reviewed relevant documents; conducted in-depth interviews with national and local authorities, other partici-

Box 1. PPL Provisions

The most important provisions of the 1994 PPL are

- Division of the entire national territory into 311 self-governing municipalities, with a median population of 8,400.
- Election of a mayor and municipal council by popular vote, all in at-large constituencies.
- Creation of officially recognized community and neighborhood entities designated *Organizaciones Comunitarias* (Community Organizations).* From these the leaders choose the members of a *Comité de Vigilancia* (Vigilance Committee) to function at the municipal level. The Community Organizations have some planning functions. The Vigilance Committees are charged with planning annual municipal expenditures in health, education, and recreation, and with overseeing and assuring accountability of funds allocated through the PPL.
- Recognition of the rights of existing community organizations to use traditional customs to select leaders and conduct planning activities at the Community Organization and Vigilance Committee levels—the first time such rights have been incorporated into the country's political structure.
- Automatic daily transfer of 20 percent of national tax revenues to the municipalities on a per capita basis. These transferred "co-participation" funds are to be allocated 85 percent for investment and 15 percent for operating expenses. The funds are subject to planning and oversight by the community through the Community Organizations and Vigilance Committees.
- Enhancement of municipal authority to raise revenues locally through taxes and fees.
- Establishment of a control mechanism over the co-participation funds, which allows Vigilance Committees to initiate a complaint process through the executive branch. Then, if certain criteria are met, the complaint goes to the national Senate for decision. If the Senate upholds the Vigilance Committee complaint, the municipality's funds may be cut.

* Almost 13,000 of the eventual 14,000 Community Organizations had attained approved legal status as of November 1996.

pants in local governance, staff and contractors for USAID, and other donors; and conducted a survey* in four communities where USAID's Democratic Decentralization and Citizen Participation activities are taking place.

The team also visited seven municipalities in the La Paz and Cochabamba Departments. A thumbnail sketch of the seven follows (population figures current as of 1992).

- **Cochabamba** (414,000), the capital city in the department of the same name and one of the country's two leading economic growth centers.

- **El Alto** (405 thousand), Bolivia's fourth-largest city, overlooking the country's administrative capital, La Paz. For many years, it has been a bedroom community for La Paz, housing the bulk of the mostly poor campesinos migrating to the La Paz area.

- **Pucarani** (23 thousand), a largely rural, financially strapped municipality on the windswept *altiplano*, between La Paz and Lake Titicaca. A good portion of its residents work in La Paz.

- **Punata** (27 thousand), an agricultural municipality about 50 kilometers east of Cochabamba city, known for its fermented chichi beverage.

- **Quillacollo** (69 thousand), a mostly industrial town within a larger rural municipality next to Cochabamba city.

- **Sipe Sipe** (19 thousand), a small agricultural community, about 25 kilometers west of Cochabamba city.

- **Villa Tunari** (48 thousand, 90 percent of them rural), a municipality in the Chapare coca-growing area, 150 kilometers northeast of Cochabamba city.

In three municipalities, almost the whole population is from an indigenous culture (Aymara in Pucarani, and Quechua in Sipe Sipe and Villa Tunari). In the other four, there is a mix of indigenous and Spanish cultures. Pucarani, Punata, and Sipe Sipe are among the six municipalities USAID chose for the first phase of its decentralization and participation project. CDIE selected the other four with a view toward studying a variety of situations.

BOLIVIA'S EFFORTS IN DEMOCRATIC LOCAL GOVERNANCE

Under the PPL, each of the sample municipalities has launched off in its own direction, some smoothly and others less so.

The municipal government in **Pucarani** hired a consulting firm to help prioritize and plan its PPL efforts. Pucarani decided on a couple of revenue-producing recreational projects—an *autódromo* billed as "the world's highest racetrack" and an indoor coliseum. The council also decided on some school construction (see box 2 on page 8). Most of the initiative seemed to come from an energetic city manager and the mayor/council, although there appeared to be input from the community through the Vigilance Committee.

In **El Alto**, the Vigilance Committee took a more active role, rejecting a move by the mayor/council to substitute its own plan for the one the Vigilance Committee initially proposed, as stipulated under the PPL. Community leaders told CDIE the Vigilance Committee was determined to exercise its rights under the PPL and inform its constituents of these rights.

* The survey covered a universe of adults of voting age (18 or older) located in the central districts of Sipe Sipe, Pucarani, Punata, and Curahara de Carangas. Approximately 100 people were sampled in each city. The sample was probabilistic and representative of urban households.

As the largest and most highly developed locality CDIE visited, **Cochabamba** municipality put together what appeared to be the most sophisticated plan. In addition to backing projects in each of its 13 districts, Cochabamba Vigilance Committee members agreed to pool funds for joint projects that would benefit the whole city:

- an upgraded central hospital to allow economies of scale in providing quality medical care for all residents;

Box 2. The PPL in Action: Dedicating a School Building

The presence of a new school building in the Pucarani municipality illustrates the PPL's potential strengths and weaknesses.

A festive dedication ceremony celebrates the opening of the new building, situated in an isolated hamlet of Pucarani municipality, on the treeless, windswept plain of the Bolivian *altiplano*. The building has been constructed under Bolivia's new PPL, which devolves both substantial funds and responsibilities to elected local governments for education.

An Andean flute-and-drum band plays lively dance numbers that spur everyone—including the visiting CDIE team—to join in. Then men and boys in elaborate bull costumes with feathered headdresses perform, alternating with dances by men and women in Aymara garb—felt hats, white wool sweaters, and full skirts for the women; colorful knit caps and bright blankets for the men.

A round of formal speeches follows the dancing, climaxed by an address by the mayor, a vigorous woman in her 60s and one of only a dozen female mayors among Bolivia's 311 municipalities. Her forceful speech, delivered in both Spanish and Aymara, celebrates the school's opening, the community's hopes for the young, and the promise of education. Interestingly, the heralded new school building has no classrooms; rather, the white, one-story structure contains living quarters for four teachers. The hamlet's teachers typically don't come from the local community, and because of the area's relative isolation, many teachers frequently didn't show up to teach class.

Though the PPL transfers the education sector from the central government to the municipality, along with funds to construct buildings like this one, the truant teacher problem may not disappear easily. Teachers, who receive a 20 percent salary bonus for working in rural areas, are still paid by their ministry in La Paz and are not subject to the direction of municipal officials. Thus the latter find themselves still pleading with their children's teachers to do their jobs.

There may be solutions. Perhaps newly graduated teaching professionals could be required to spend their first year or two in a rural setting, as is done now in the medical field. Or a formal sanctioning process might be set up for errant teachers, perhaps akin to the complaint procedure set up under the PPL to address improper behavior of municipal mayors and councils.

Whatever solution eventually emerges, the Pucarani school construction project indicates that some serious problems remain to be solved before local governments gain control over their public services.

- a phased school-construction program to move schools away from the two relatively wealthy districts to new locations more accessible to other residents

- a renovation effort to detoxify and reclaim a large, polluted lake in one district for use as a recreation facility for the whole city.

When the new PPL system went into effect in **Punata**, a struggle developed almost immediately between the mayor/council and the Vigilance Committee, dominated by different political parties. Eventually, the difficulties were resolved through the replacement of the Vigilance Committee.

In **Quillacollo**, as in Punata, the party composition of the Vigilance Committee differed from that of the council, resulting in a good deal of tension. However, instead of the fracas Punata experienced, an accommodation appears to be developing. Under it, the Vigilance Committee will concentrate on the PPL investment portion of the total budget (about one third), while the mayor and council will manage and maintain the municipality with the remaining two thirds.

When the PPL initiative came to **Sipe Sipe** in 1994, the municipality was not capable of dealing with it adequately. The mayor and council wasted its funds on payrolls and ill-advised schemes. A newly elected mayor and council have since improved PPL implementation considerably, in part by downsizing the municipal staff from 73 to 23. In Sipe Sipe party tensions do not seem as large a problem as in other municipalities visited, perhaps because the new mayor, an irrigation engineer, has become the dominant figure in local government. He has convinced the Vigilance Committee to spend about 80 percent of co-participation funds on potable water and sanitation, and has made council actions more public by posting the annual budget on the walls of city hall.

In **Villa Tunari**, whatever government funds previously came to the area were spent in its urban sector, where only 10 percent of the population lived. Under the PPL structure, the rural side has gained some redress: nine members of the Vigilance Committee represent the rural cantons (there is one urban district). The main concern of the rural members has been to construct schools in a municipality with only two high schools to cover more than one million hectares. Political parties have not yet had much influence in the Vigilance Committee, which may explain the relative harmony between it and the council.

IMPORTANT ISSUES

Bolivia's experience with democratic local governance raises a number of issues.

Representativeness

At least two features of the Vigilance Committee/Community Organization system—constituency structure and frequency of elections—bring governance closer to the people than the mayor/council setup.

Vigilance Committee members represent individual cantons and districts (in the rural and urban areas respectively), whereas mayors and municipal councilors are elected on an at-large basis. The cantons are divided into communities and the districts into neighborhoods. Each community or neighborhood is represented by a Community Organization, which selects one Vigilance Committee member.

With a large number of Community Organizations in each Vigilance Committee constituency (seven on average), the link between citizens and the Vigilance Committee-Community Organization is fairly close. Each Vigilance Committee represents a rural canton or urban

district containing about 3,000 people, while the average Community Organization covers around 450 people.

Thus citizens presumably know their Community Organization members as neighbors, and the Vigilance Committee representative is familiar, if not a friend.

Vigilance Committee members must be elected by their Community Organizations every second year. Mayors and council members have five-year terms. This means that the former must account to their constituents more often. With the close citizen-to-governance link and frequent elections, public accountability is certainly feasible.

As one municipal official in Cochabamba city observed, the Vigilance Committee members "articulate the public's thoughts" more accurately than do the mayor and council members.

The CDIE survey, however, implies that citizens do not routinely turn to their Vigilance Committee member when they need help. Survey respondents said if they had a local governance problem, they would most likely go to the mayor (51 percent). Vigilance Committee members were the first choice of only 22 percent, and council members came in far behind at 7 percent.

Ironically, the frequent elections and close link to their constituents, with whom they are culturally and geographically similar, may diminish the effectiveness of Community Organizations and Vigilance Committees.

This is because members of these local governance bodies, like their constituents, will generally lack the technical skills for planning and oversight. And the frequent turnover in Vigilance Committee officials will mean that whatever expertise does accumulate won't necessarily last very long.

Inclusiveness

With its fine lacework of small constituencies, the PPL ensures that all cultural groups, regardless of size, will be politically represented so long as they enjoy enough geographical concentration to elect Community Organization and Vigilance Committee members.

Likewise, similarly concentrated class and occupational groups are assured representation. In all these instances, previously marginal elements will, in most cases, participate in mainstream local politics for the first time.

This setup does not guarantee that just because the Aymaras of Pucarani or the poor migrants of El Alto are now participating in politics and electing their own people locally, their interests as Aymaras or poor city dwellers will be advanced. Any number of obstacles—incompetence, mismanagement, elite control, corruption, mistiming, and bad luck—may get in the way.

The PPL structure, however, does guarantee a much broader opportunity for these strata to have a meaningful voice in public decisions that affect them.

Indeed, CDIE found a wide range of practice on this score. In some municipalities, the Community Organizations and Vigilance Committees participated fully in designing the annual operating plan and superintending the co-participation funds. In others, their role seemed limited to the co-participation moneys.

In still another, the Vigilance Committee has even been denied access to records on maintenance expenditures it is supposed to monitor.

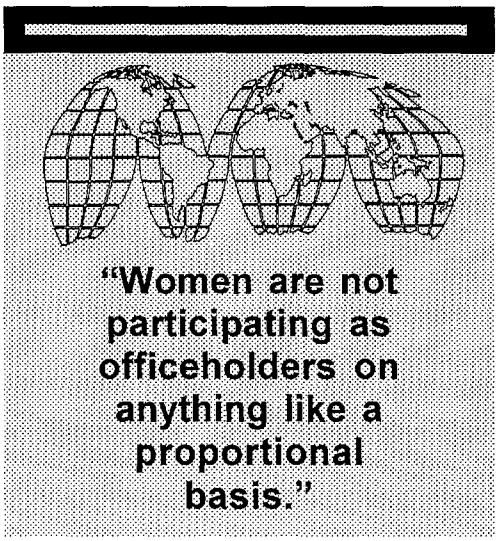
Clearly, additional effort will be required to ensure that the PPL model for citizen participation is followed uniformly across the country.

Accountability

Three PPL features encourage public accountability: formal elections for mayor and city council every five years; biannual selection of Vigilance Committee members from among Community Organization heads; and a new feature called *denuncia* (official complaint).

A Vigilance Committee dissatisfied with the municipal mayor/council's management of public affairs can file a denuncia with the Executive branch. If the latter finds the complaint credible, it will be passed on to the national Senate, which has set up a special committee to hear such complaints. In the first year and a half of PPL implementation, 86 denuncias were filed and seven resulted in a suspension of PPL funds for the mayor and council.*

Seven out of 86 is not many, it could be argued, but the new system is only getting started. Some learning curve must be anticipated before Vigilance Committees learn what their mayors and councils should be doing and not doing. In the meantime, Vigilance Committees are exercising their right to file complaints and accumulating experience in how it will work.**



"Women are not participating as officeholders on anything like a proportional basis."

Gender and Democratic Local Governance

While the PPL has moved marginal ethnic groups and classes into the formal political arena through the Vigilance Committee/Community Organization structure, it has not done the same with respect to gender.

In fact women are faring somewhat worse under the new system for several reasons (see box 3 on page 12).

First, in the mayor/council system, women are hard to find. In CDIE's sample, there was one woman mayor out of seven and nine women councilors out of 60. Though small, these proportions (14 percent and 15 percent) are actually larger than for the country as a whole, where only 12 of 311 mayors (4 percent) and 135 of 1,760 council members (8 percent) are women. Clearly women are not participating as officeholders on anything like a proportional basis.

Second, when the Community Organizations were set up under the PPL, male-member associations were almost invariably chosen over similar female-member groups as the official unit to represent the locality. Thus the status of the men's associations got a boost from their new official legitimacy, while the status of complementary women's organizations fell.

The CDIE survey results are interesting here. Men participated more than women in demonstrably political activities (voting, 82 to 66 percent; attending a rally, 29 to 20 percent; working for a candidate, 21 to 10 percent).

The differences become somewhat more muted, however, when associational activities

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* In each of the seven cases, the mayor undertook the corrective action demanded by the Senate, and the centrally distributed PPL co-participation funds were restored.

** As of 1997, a new form of accountability was introduced, allowing councils to oust their mayors under certain special circumstances. In January 1997, three of the six municipalities being assisted by USAID's Democratic Decentralization and Citizen Participation project—Punata, Sipe Sipe, and one other—deposed their mayors in accordance with this new option.

are considered: for example, attending school parents' meetings (men, 47 percent, women, 51 percent); community civic meetings (37 to 32 percent); or occupational group meetings (39 to 29 percent). These latter categories, of course, relate more strongly to the traditional ways women take part in public life.

It is just this sort of participatory experience that has not thus far been incorporated into the Vigilance Committee/Community Organization structure. Indeed, in the pre-PPL municipal council system, which covered only the larger urban areas, some 11 percent of the seats overall were filled by women, as against 8 percent after the 1995 elections.

Governance and Civil Society

Despite the gender gap in the new Vigilance Committees, traditional governance institutions such as sindicatos and ayullu-jilakatas did transform fairly easily into Community Organizations. These older institutions did not, however, produce anything in the way of civil society organizations that would fit into a pluralist political system.

Box 3. A Mixed History on Gender Equity

While gender equity has been a rather late-blooming issue on the national scene, a significant degree of equality between genders has long been expressed in traditional indigenous culture at the local level.

Civil society at the national level has seen a slow flowering of gender concerns. Starting in the 1970s, women's organizations began to press human rights issues and in the 1985 they formed an umbrella network to press for women's rights at the national level.

Beginning in the late 1980s, the government itself began to espouse gender equity, and the PPL can be seen as another move toward greater equality between women and men. It is the first law to explicitly incorporate the principle of equal opportunity for women and men and requires their equal participation in local governance.

In contrast, women at the local level in rural areas have long played an important role in governance. In many parts of Bolivia, especially the *campesino* and indigenous areas, women and men participated separately in local governance. For example, women belonged to peasant *sindicato* or (in some indigenous areas) *ayullu-jilikatas* (traditional community organizations) structured separately from those for the men. Other traditional organizations were more functional but still divided by sex: pineapple growers associations for men, health committees and saving-lending clubs for women, and dual religious societies for men and women.

These organizations were principally concerned with governance issues, not civil society matters. They made rules for their members and translated government rules applicable to them. For the most part, they did not advocate for their members to local government in competition with other groups, lay out their own views on public policy, or compete for government resources. Thus these groups were not, strictly speaking, elements of civil society. But they did build community trust over the years and had great potential to serve as the building blocks for civil society once the opportunity arose with the PPL.

To the contrary, Bolivia's customary arrangement of delegating governance functions by gender was in many ways antithetical to such pluralism. It compartmentalized society into governance units responsible for tasks such as making rules for their members and settling conflicts, rather than organizing it around competing interests. As a result, at the local level these gender-based institutions did not become part of civil society, with its web of overlapping memberships competing for public attention and funding. Nor did they offer alternative views as to what directions public policy should take in the way, for example, that business chambers and sports clubs would.

The line between what is a civil society organization and what is a governance institution is fuzzy. Some of these gender-based institutions *could* turn into civil society organizations, particularly women's groups that were left out of the Community Organizations and men's groups that were by-passed in selecting the Community Organizations. The existence of such organizations would give a head start in the formation of civil society. But they are not the same thing, and given the longstanding bias in favor of consensus rather than competition in the public sector, any transformation into civil society will be slow in coming.

Political Parties

Bolivia has a vigorously competitive party system. Six parties captured a sizable slice of the overall national vote (between 9 and 21 percent) in the December 1995 municipal elections, and in the cities CDIE visited, each of the councils had at least three parties represented. In every case but one the mayor's party had a plurality (and often a majority) on the council, but in all cases opposition parties had some seats on the council and no single party had complete domination. This is good, because party competition is generally regarded as an essential feature of democratic politics at all levels.

For the most part, parties have not assumed a major role in the Vigilance Committee system, as evidenced by the fact that committee members were elected more or less independently of parties in 1995. But given the keen party competition all across Bolivia at the municipal level, the parties can be expected to move into the political space opened up by the Vigilance Committee structure. This has already happened in two municipalities CDIE visited and surely is going on in many others.

Sooner or later there will probably be two somewhat parallel systems inhabited by politicians competing for voter favor, a competition that will likely take place both within each system and between the two systems. This could be beneficial if politicians and parties in both mayor/council and Vigilance Committee structures vie to provide better government services to the voters.

On the other hand, competition might be destructive to local politics, if one party dominates the council and another party controls the Vigilance Committee, and the two bodies try to undermine each other's efforts.*

In the summer of 1997 a third element, the single-member parliamentary constituency, will be added to this dual setup. Currently, deputies are elected at-large in departments on the basis of proportional representation. As a result, each of the country's nine departments has a battery of deputies of different parties, all representing the region as a whole but none representing any particular part of it. In the new system, 68 of the 130 deputies will be re-

* The movement of parties into the Vigilance Committee/Community Organization structure could also have deleterious gender effects. For example, party functionaries arranging linkages to the community level will most often be males who will find it easier to establish connections with traditional structures that are male-oriented, further marginalizing female organizations.

turned by individual constituencies, while the other 62 will continue to be elected under the old system.

The division of the nine departments into 68 constituencies means that the individual deputies in the new legislature will be much closer and accountable to the citizenry. The result may well be a three-way competition among governance structures at the local level, since there will be three sets of political leaders looking for votes and having a strong role in spending public money.

Distribution of Democratic Local Governance Benefits

One danger confronting decentralization efforts is that local (largely urban) elites will divert most of the material benefits to themselves, leaving most citizens no better off than before. This can occur through project choice (for example, placing a well in the mayor's brother's fields), operating procedures (steering contracts to the mayor's cronies), or corruption (council members spending public money on themselves). But there are also indications that Bolivians will use the PPL to provide more inclusive benefits than in many other countries.

For example, the new central hospital to be built in Cochabamba that will offer high-grade surgery and emergency care will be large enough to provide care to the poor as well as the rich. And, if Cochabamba's sizable lake is to be detoxified enough to offer recreation to the wealthy, it will necessarily be able to provide the same enjoyment to the working class.* Similarly, Sipe Sipe's decision to make potable water and sanitation a priority for its PPL funds promises to provide broad benefits to its population, since endemic waterborne illnesses afflict poor and rich alike.

Fiscal Decentralization

The PPL has significantly devolved financial resources and autonomy to the municipal level. The result has been a large flow of resources into municipal budgets and a concomitant municipal involvement in hundreds of new local initiatives across Bolivia. The Bolivian government has made good on its pledge to allocate funds to the local level, and in fact has increased its disbursement from around $12 per capita in 1994 (the first year of PPL implementation) to $21 in 1995.

Even more striking, municipalities have taken advantage of their new powers to mobilize their own resources, raising an average of $17 per capita in 1994 and $44 in 1995, giving local governments an average of $65 per capita to spend on investments in their new areas of responsibility. Since Bolivia's per capita income is around $770 (in 1994), $65 is significant, particularly because 85 percent of it must be spent on actual infrastructure investment. Only 15 percent can go toward salaries and overhead.*

But the PPL's very success in encouraging municipalities to mobilize local revenues raises concerns about the potential for exacerbating regional inequities. Although the Bolivian government's allocations are evenly channeled, regional and municipal ability to raise resources is quite skewed. The Santa Cruz department, with the most dynamic economy

* Some might argue there is still some bias toward the wealthy here, since the poor will experience greater transaction and access costs in using the hospital or lake than those better off. But any such bias will surely be less than with many other alternatives, such as building an elite-oriented central high school in Cochabamba or a multi-level public parking lot downtown that would benefit the comparative few who own automobiles.

* The central government continues to pay salaries of professional staff (including teachers and physicians), allowing municipalities to concentrate on investment.

in the country, mobilized $58 per capita in 1995, giving it a total (when combined with its $21 in central government PPL allocations) of $79 to spend. But economically stagnant Potosí was able to generate only $14 per capita from its own resources that year. Added to the $21 in PPL distribution, Potosí had a total of just $35 for investment—less than half what Santa Cruz could spend.

These disparities are found within departments as well as between them, for while the PPL funds are evenly distributed at the local level, once again local fund raising is not. Thus within Cochabamba department, economically prosperous Cochabamba municipality could raise $65 per capita on its own, while much poorer Villa Tunari in the same department was unable to manage more than $11. Budget data show about a three-to-one difference in what the richest and the poorest municipalities CDIE visited had to spend. If the PPL structure continues unchanged, these disparities are sure to increase over time, likely exacerbating the urban migration PPL was intended to attenuate.

One remedy might be to use the Bolivian government's PPL allocations as a balancing mechanism, much as other countries do (including Ukraine, as noted in the CDIE study of democratic local governance there). Thus, a higher per capita grant would go to poorer regions. Even so, the very act of granting equal allocations to all regions is a large step toward equity in a country that historically directed its local government allocations to the bigger urban areas. To go any further right away in this regard is likely to be politically impossible.

Incomplete Decentralization and Hints of Recentralization

When political power is decentralized, bureaucratic power is not necessarily devolved along with it. Bolivia's education establishment is a case in point. When the PPL was being formulated, consideration was given to transferring education and health professionals to the municipal level, but opposition from these cadres was so intense the idea was dropped. The professional staff stayed on the national payroll, and the funds allocated through the PPL to municipalities were to be used only for investment.

At first glance, this decision appears beneficial to municipalities. Local authorities could decide where and how to invest and innovate, while the central government met the payrolls. Discretionary moneys were to be locally managed, but fixed costs were to be the central government's job. But this has a cost. If the professional cadres work for the municipalities but are paid by their ministries in La Paz and look to their line superiors for assignments and career advancement, where will their loyalties lie?

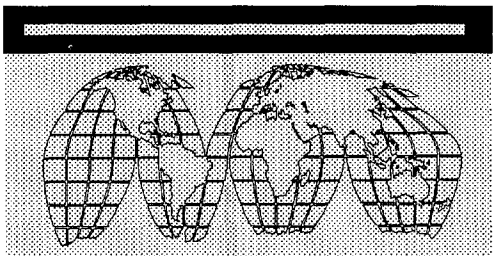
As the PPL devolution has proceeded, there have also been recognizable tendencies toward recentralization. They began with the Administration Decentralization Law passed in 1995, which transferred some operational responsibilities from La Paz down one level to the nine departments, where government is headed by a prefect.

That law has not advanced democratic local governance for several reasons. First, the prefect is not elected, but appointed by and answerable to the president. Second, while a new departmental council was established—with municipal councils represented—to coordinate government activity in the department, its functions are only advisory. It has no power to legislate or veto.

Third, the departments are responsible for training local officials, providing matching grants to municipalities, and meeting selected payrolls. Collectively, these account for considerable money. The payrolls in Cochabamba Department, for example, are about three times as much as the PPL co-participation funds for all its municipalities combined. And although

allocating these kinds of funds is largely formula-driven, it does provide a basis for departmental intervention in municipal affairs.

Fourth, largely using donor-provided resources, the departments now manage specialized funds, such as the Social Investment Fund, to invest in areas like housing and education. These funds are made available on a matching-grant basis to municipalities meeting the fund requirements and can be helpful in enhancing PPL allocations. But as frequently occurs with matching fund efforts, they may direct recipients' activities to areas determined by outsiders, whether Bolivian departments or foreign donors, rather than the local people.



"Local government outputs . . . tend to take precedence over citizen inputs as far as donor assistance is concerned."

Finally, a fifth dimension of possible recentralization occurred when the responsibility for supervising the administrative side of decentralization was transferred to the Ministry of the Presidency, thus giving the president much more direct say in it. For the moment, this development may help further democratic local governance, for the incumbent president has been very supportive of the entire initiative. But should the next president be less warm toward democratic local governance, there will be a number of ways to recentralize power readily at hand.

Civic Education and the Media

It is often suggested that participatory democracy could be furthered by civic education—spreading knowledge about democratic practices and encouraging citizens to involve themselves in those practices. Promoting civic education directly, using trainers or motivators in instructional settings, can be effective with local leaders and officials, but for the mass of citizens a more indirect (and less costly) approach is needed. In Bolivia, radio stations offer the most promise in this regard, since newspapers and television reach comparatively small, mostly urban audiences. There are some 480 radio stations, ranging down to only a few hundred watts in power, offering many people their only source of information outside their immediate community.

One organization with a large radio audience is *Educación Radiofónica de Bolivia* (ERBOL), a Catholic-affiliated network that began in 1967 and now has 27 stations with about one million listeners. Supported by Canadian, Dutch, and German sources, and broadcasting in indigenous languages as well as Spanish, ERBOL features local news, gossip, and roundtable discussions, including considerable coverage of the PPL. And there has been some impact, such as instances where listeners have mobilized to demand recognition of bypassed peasant sindicatos as official Community Organizations in the Vigilance Committee structure.

Inputs and Outputs

The PPL has two components: strengthening popular participation and local government accountability and transparency (input), and ensuring good governance at the local level (output).

Donor efforts to assist democratic local governance need to emphasize both components—a difficult challenge, as can be seen in the CDIE assessments of democratic local governance

initiatives in the Philippines and Ukraine. The need to strengthen local administration is so evident and pressing (especially when significant power is devolved to previously dormant or newly created local government units, as is the case in Bolivia) that they tend to dominate over participation elements. Local government outputs, in other words, tend to take precedence over citizen inputs as far as donor assistance is concerned.

The PPL setup is most interesting—perhaps unique—in promising movement on both these fronts. The mayor/council structure attends more to the output side with operating control over local government. The Vigilance Committee/Community Organization arrangement largely addresses the input side, being closer to the citizenry, more accountable, and exercising oversight by monitoring expenditures and requesting sanctions.

USAID RESPONSE

The government designed and implemented the PPL without outside assistance. But as it was being formulated, USAID was preparing a project to support it—the Democratic Decentralization and Citizen Participation (DDCP) project. When Bolivia formally requested donor assistance for the PPL, USAID was already on the way to authorizing its project as an eight-year, $14 million effort. Contractors were selected and work began in early 1996.

The DDCP supports democracy at the local and national levels, through both "bottom up" and "top down" approaches. Its purpose is to strengthen citizen participation at both levels (the input side) and to enhance the ability of municipal, department, and national institutions to respond effectively (the output side) to demands for government services. These demands are expected to flow from the increased citizen participation generated by the PPL and other changes in the political process such as the creation of single-member constituencies for the lower house of the Congress. The project thus far has two components: a national-level contract held by the Office of International Programs at the State University of New York (SUNY) at Albany; and a local-level contract held by a consortium under the leadership of Chemonics International, Inc., a Washington, D.C., company.

The national-level contractor is undertaking several activities to support the PPL, including: providing technical assistance to build the national Senate's capability to review Vigilance Committee complaints; supporting efforts to strengthen information systems in the government agency responsible for implementing and monitoring the PPL; and helping the National Election Council construct the new single-member congressional districts.

The local-level contractor is charged with three principal tasks: strengthening local government capabilities and the capacity of Community Organizations to participate in the municipal governance process; building effective citizenship through voter education and registration; and increasing the ability of municipalities to lobby the national Congress in support of their interests. Total funding for this five-year project is $7.9 million.

On commencing work in January 1996, Chemonics' first challenge was to select the initial set of six municipalities for direct project intervention. This set will be expanded to 20 municipalities for direct work and then through replication over the life of the project to 100 of the country's 311 municipalities. To facilitate a timely expansion, the first 20 will become "teaching municipalities" for the others, a process that will be implemented through several Bolivian nongovernmental organizations.

In its first few months of project activity, Chemonics put most of its effort into training

municipal government officials and community leaders, including mayors, council presidents, and representatives of community organizations. Training emphasized the role of the DDCP, needs identification, and an implementation framework. Follow-on training concentrated on the areas identified through the needs assessments. The approach includes a bimonthly cycle—one month on municipal government and the next on community organizations.

In the second area of project activity, effective citizenship, the project launched several experiments aimed at increasing voting by reducing impediments to electoral participation and promoting favorable attitudes toward it. In one municipality CDIE visited, the principal impediment to voting was that many citizens lacked the birth certificates required to obtain voter identity cards. The project conducted a local census to serve in lieu of the birth documentation, with the major target being the 1999 municipal elections.

Other Donors

As might be expected with an initiative as bold as the PPL, other international donors have been attracted to support it. Together these other donors have pledged more than $64 million to support decentralization, according to the Bolivian government. These donors include the World Bank, the Inter-American Development Bank, the United Nations Development Program, the Danish International Development Agency (DANIDA), the Canadian International Development Agency (CIDA), and the Netherlands.

The World Bank has two major initiatives. One is a $42 million municipal development project that emphasizes administrative strengthening, municipal management in the rural areas, and civil service reform. The second effort, a $14.5 million public financial decentralization and accountability project, concentrates mainly on financial management and auditing, with an anticorruption component. In keeping with the Bank's prohibition on engaging in directly political aspects of development, both activities emphasize the administrative or output side of democratic local governance.

DANIDA is working to support creation of indigenous districts in the geographically larger municipalities, particularly in the eastern, tropical areas. The intent is to establish smaller units so that indigenous peoples like the Guaraní can control their own local governments. So far, about 70 of these new units have been created; they will be converted eventually to full-fledged municipalities. DANIDA has also been supporting local participation in the Potosí Department in southern Bolivia.

Another instance of donor support is the assistance from CIDA, which is helping local-level nongovernmental organizations to empower women community leaders. The CDIE team visited one such effort in Punata, where a CIDA-supported group has developed training materials and workshop modules to encourage women to participate in local politics. And a last example is the radio network mentioned earlier, which is supported by several donors.

LESSONS LEARNED

Three kinds of lessons emerge from CDIE's assessment of democratic local governance in Bolivia: approaches that work; problems that pose serious challenges to long-term success; and puzzles that must be solved wisely because of the profound impact they will have.

Lessons in Success

1. Political will is critical. It's there; it's made a great deal of difference; and the government

deserves much credit for designing and implementing the PPL. The president said he wanted to start an enterprise that would be "irreversible," and it appears he has. Though it is too early to tell whether crucial aspects such as the Vigilance Committee accountability mechanism will function well, the PPL enterprise has made a noteworthy start.

2. Democratic local governance initiatives work better when a pre-existing structure is incorporated into the new system. Traditional organizations, such as *ayullu-jilikatas* and *sindicatos agrarios*, had long track records organizing citizens at the neighborhood and community level. Transforming them into the Community Organizations of the new system was relatively straightforward, although some gender inequity may have resulted.

3. Donor efforts planned in parallel with host country democratic local governance reforms can facilitate timely support. As the Bolivian government moved to implement the PPL, USAID/La Paz was crafting its Democratic Decentralization Citizen Participation project. USAID selected contractors and began the initial six pilot efforts in early 1996, just as the new mayors and councils were taking office after December 1995 municipal elections.

4. Local media can be effective in promoting civic education. One Bolivian radio network with 27 stations—mostly low-watt, local operations—reaches a wide audience with discussion shows and educational programming on the PPL. In a country with sparsely populated rural areas and little print media outside larger cities, radio can work well to promote democratic local governance.

5. Democratic local governance can equitably distribute decentralization benefits, though the pattern is inconsistent. The Vigilance Committees showed some tendency toward planning projects that would benefit large portions of the population, in such areas as education and sanitation. On the other hand, activities such as recreation areas in wealthy neighborhoods and sports facilities may steer benefits disproportionately toward those better off. And of course any kind of construction project, whether a school or a stadium, offers ample opportunities for elites to gain more than others.

Challenges to Overcome

6. It appears easier to increase participation among some elements than others, especially women. Class, culture, ethnicity, and geography seem easier to mobilize into democratic local governance than gender. Campesinos, poorer urban strata, and indigenous peoples are included to a significant extent in the new PPL system of Vigilance Committees and Community Organizations. But women in particular have been excluded by both structures. Traditional female governance bodies in the rural areas were by-passed when Community Organizations were selected (and consequently the Vigilance Committees as well), so that in some ways women participate in self-governance less than they did previously when gender-parallel structures existed at the local level.

7. Longstanding local governance structures do not necessarily imply a civil society on which to build democratic local governance. Although traditional governance systems like the sindicatos and ayullu-jilakatas were easily translated into Community Organizations, they did not give rise to the civil society organizations necessary to support pluralistic local democracy. Moreover, since local society has tended to organize around *separate* rather than *competing* interest groups, pluralism may be difficult to introduce. Still, significant "social capital" (organized interpersonal activity) does exist, and it should be possible to create a civil society using it as a building block.

8. Fiscal autonomy can benefit some areas much more than others. The PPL's per capita

allocation formula appears to make for even resource levels. However, this new law at the same time enables and encourages wealthier areas to raise their own resources, thereby exacerbating regional income inequities. Government allocations inversely related to local income levels would help compensate, though this might be difficult politically.

9. Bureaucratic decentralization may be harder than its political equivalent. While the PPL's political devolution has been successful in many ways, it has proven more difficult to decentralize bureaucracies(especially education and health). In these sectors, civil servants continue to collect their pay and pursue their careers through the central ministries.

10. Political decentralization can spawn counteractive centralizing tendencies. As the PPL initiative has unfolded, the politically oriented prefect level has been given control of some critical areas, such as training and allocation of sizable discretionary funds to be spent at the local level. Transfer of some functions to the Ministry of the Presidency reinforces these indicators of recentralization.

Puzzles to Resolve

11. Parallel democratic local governance structures can have a positive or negative effect. There are now two such systems—mayors/councils and Vigilance Committees/Community Organizations. With the August 1997 implementation of the single-member districts for national deputies, there will be three. Will three groups of elected leaders competing for votes and funds benefit or harm democracy and the public welfare? The impact is sure to be significant, but whether positive or negative, it's too early to say.

12. Political parties may play a constructive or destructive role in democratic local governance. Bolivia's many competitive parties must be expected to involve themselves in all three parallel democratic local governance structures mentioned above. This could be constructive if it provides a coherent organizing basis for public debate in all three structures. But if the result allows political elites in La Paz to control activity throughout the country, it could well prove quite harmful. In a larger context, the question here is, will political parties help build and reinforce civil society at the local level or substitute for it?

13. Constructing democratic local governance on traditional structures can yield mixed results. The PPL requires that Community Organizations be based on traditional structures and that the heads of those organizations choose the Vigilance Committee member from their district. These requirements could encourage a rich pluralistic democracy to grow at the lowest level, by building on the associational life already in place. Or, they might lead to a withering of the local self-help capacity that has slowly developed over centuries, as new institutions co-opt and elevate leaders from some older structures while abandoning others.

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